

**INFORMATION FROM THE PROJECT FOR PUBLIC SPACES’
“AN IMPLEMENTATION PLAN FOR A PUBLIC MARKET IN BOSTON”
Presented to the Public Market Commission Subcommittee on Farms
August 24, 2011**

- 1. Focus on Quality, Freshness, and Value:** The public market’s primary emphasis should be on a full range of high-quality, fresh products, including high quality specialty foods. Shoppers must, in the least, be able to buy the fresh product that they can buy at any competing supermarkets and more. The public market cannot be viewed only as an expensive place to shop. A range of price points should be available in the market, and product sold by weight, allowing smaller purchases. The connection to Haymarket, as noted, increases supply for the bargain and specialty food shoppers on Fridays and Saturdays.
- 2. Product Source:** The public market can showcase a wide range of Massachusetts products, especially during the growing season (June through October) and strengthen the region’s agriculture and fisheries economy, but it will need to extend its product selection to meet consumer demand. Whenever possible, product sold at permanent stalls and daystalls should be source-identified from Massachusetts, the New England region, nationally and internationally. Permanent market vendors should be offered incentives, both financial and promotional, whenever practical, to increase the amount of Massachusetts product in their inventory and/or product ingredients used, as well as setting guidelines on the amount of non- Massachusetts inventory that can be carried on a year-round basis, so that consumer demand can also be met. Daystalls can have more rigorous limits in terms of product sourcing, and priority should be given first to products that are “Massachusetts grown or produced.”
- 3. Buy Local Branding for the Market:** While the market should strongly embrace the buy local message, consumers from our surveys are not currently clear what “local” means, and many consider “New England” as “local”. A branding consultant should be retained by the market operator so consumers clearly understand the mission and character of the public market, including how this relates to Massachusetts’s “Commonwealth Quality” program.
- 4. Vendors and Businesses:** All businesses should be locally owned and operated. To provide customer choice, the market should have internal competition within food categories, and no exclusives on products should be granted. There is an ample pool of potential vendors interested in full time stalls to recruit from for the market, especially given the limited amount (about 14,000 rentable square feet) of retail space that needs to be filled. There are a number of existing aggregator and consolidator businesses poised to provide Massachusetts and regional product to potential permanent stall vendors. Because cooperatives organized by commodity groups to sell product at the market either do not currently exist, take time and financial resources to establish and/or have a high rate of instability and failure, the market needs to be open to using third party retailers with strong business skills. The majority of farmers surveyed are mainly interested in using daystalls and selling their fresh produce on a seasonal basis. Management will

have to be selective in achieving the right mix, and utilize daystalls to keep the market fresh and changing.

5. **Merchandise Mix:** While primarily a fresh food market, the market can feature limited prepared foods without becoming a food court. There is great opportunity for some of the vendors to supplement their fresh product with prepared foods, even if the market has limited venting potential for cooking. Public seating will provide a place to eat, but outdoor café seating and picnic tables on the Greenway could seasonally expand seating. The market is not dependant on having a full service restaurant, which would increase the construction budget and be challenged by a lack of ventilation for cooking. Small cafes are possible, however.
6. The marketplace is very competitive with shoppers fulfilling their food needs through multiple delivery channels. Every place where food is sold is competition for the public market and today food purchases are spread among many different channels and within each channel has its own set of competitors. The public market will likely compete more intensely with Whole Foods and will mostly complement Trader Joe's and Haymarket – each of these are specialty niche channels providing a different offering than the public market. (Resource Portfolio A, p. 50-51)

The public market will feature Massachusetts grown and produced products as a way to help differentiate it from its competitors; however, there is no indication that a public market exclusively selling Commonwealth grown and produced products can be economically sustainable. (*Ibid.* 24)

Consumers are generally satisfied with the current offerings especially in the areas that they consider important. (*ibid.* 54-59)

High quality fresh produce is the most important reason in selecting where to shop and it is essential for this market. (*ibid.* 58)

While the public market's emphasis is on locally grown and produced products, it is also essential that the market carry other produce that is not indigenous to New England, such as citrus fruits and bananas. The lack of these types of items will diminish the attractiveness of the market and lower overall sales potential because these are products that consumers buy regularly. If such products are not available, the consumer will reduce their frequency of visiting the public market and will shop at the public market only for special occasions. (*ibid.* 17-18, 55)

- Emphasis on locally grown and produced foods will be very important to the success of the public market and it will serve to help differentiate the public market from conventional supermarkets and Haymarket.
- Customers perceive local as being from New England/100-miles from Boston. Defining the Commonwealth as “local” did not register highly with customers. (*ibid.* 33)
- Customers buy local if they think it helps the local economy, but more importantly, they also want to buy the freshest products. (*ibid.* 34-35)

- The Huff Gravity Model, which measures the interaction between *convenience* and *selection* estimates the market could have the potential to capture approximately \$19.5 million of Boston's \$548 million in fresh food expenditures. (As a conservative approach, we recommend providing a range which starts at 20% less than the model suggests, that is, \$15.5 million to \$19.5 million in estimated sales potential.) The model's proxy for selection is the size of the market; it is self-evident that the larger the size of the public market the more products it can offer. However, while the public market will not have the same overall variety as supermarkets; ideally it should exceed supermarkets in the depth of offering in fresh and specialty food items. The sales potential includes the expenditures for all produce items. The model assumes that the public market will offer customary fresh products found in local supermarkets. (*ibid.* 10-16)
- If items such as citrus are not available and other fresh fruits and vegetables are only available seasonally the estimated produce sales could drop by more than half. Likewise, if seafood and meats, such as lamb, are also seasonally limited, further erosion of sales will occur. These limiting affects become cumulative because customers seldom are aware of the seasonality of food and when they find that products are not available they look elsewhere to fulfill their needs. (*ibid.* 14-16)
- Not included in the potential capture of fresh food sales is the approximately \$25 million in lunchtime prepared food expenditures by the estimated 56,668 office workers within a quarter-mile. (*ibid.* 19-20)
- In addition to the office workers, tourism, which brings an estimated 19 million people annually to Boston, was not considered. The Freedom Trail, which runs adjacent to the market site, is estimated to bring more than a quarter-million visitors to this site annually. The office workers and tourist were not considered because their primary purchases are in prepared foods and consumable food products. (*ibid.* 21)
- Survey results show that the Congress/Hanover location is a convenient place to shop for food for 46% of the respondents. (*ibid.* 19)
- This public market will feature local food products and a challenge is to create a stronger desire to purchase Massachusetts products than our research now shows. (*ibid.* 24, 33)
- The plan for this public market is to tap into what our research shows is the customer's desire for very fresh local foods at an affordable price point. Another part of the plan is to provide the customer with a wide variety of locally grown and produced specialty foods that are not widely available at other food venues in the area and in providing a continuous stream of innovative food ideas that will regularly bring the customer back to shop.
- The public market needs to provide customers an experience of both place and shopping. It does this through appropriate atmospherics in the design of the public market and in keeping the offering fresh by bringing in daystall vendors with a combination of the freshest produce or unique product offerings that provide the public market with "affordable exclusivity."
- Provide a non-exclusive focus on Massachusetts fresh products.
- The public market should lead the process of building the Massachusetts "brand" by showcasing local items and providing demonstrations showing how consumers can incorporate Commonwealth grown and produced products into their meal planning.

- Remain flexible if execution of the plan does not achieve sales objective by expanding the offering to include more prepared foods. This location can serve a very large office market population and with its location on the Freedom Trail, it can serve tourists.
- In addition to providing the staple fresh food products like produce, meat and fish, provide a wide selection of high quality, specialty, fresh foods products.
- The public market must look and feel different from local supermarkets and especially from Whole Foods, Trader Joe's, and Haymarket. The design of vendor stalls should allow for individual character and identity, but together the public market should have an underlying design theme that creates a sense of place. The public market also needs to deliver a different shopper experience – the public market has the ability to engage its customers more directly and interactively with its individual vendors in a way that other channels cannot. Emphasis should be on high-quality, fresh products, but the display should not be too “precious” and pricing of the products should allow everyday shoppers feel welcomed at this market.

Fresh produce will be abundantly available from Massachusetts farmers during the typical growing season (June through October). In addition, more farmers are growing greater quantities of winter storage crops and extending their season by producing leafy and salad greens during the winter months. However, quantities and varieties of fresh Massachusetts produce outside of the typical growing season will always be limited. At the same time, warm weather produce and produce not typically grown in the Northeast, such as bananas, avocados, and citrus fruits, will always be in high demand by consumers. (Resource Portfolio E, p. 1)

Challenges:

- Of the 46 produce farmers who completed the survey, only 12 are interested in having a permanent stall, and of those only five want to sell year-round; the remaining produce farmers are interested in daystalls, but only six of these want to sell year-round.
- Farmers interested in daystalls want guarantees that they will be able to have the same space in order build up their customer base.
- Most of the produce farmers plan to hire someone to represent their farm at the market rather than be present to sell all the time, but are willing to be present on occasion.
- A considerable number of farmers and farmers market managers who were interviewed want this site to be most like a year round indoor producer-only farmers market at which there should be absolutely no re-selling of any type despite consumer demand.
- Market organizers will have to grapple with the issue of selling out of season and non-native produce in order to meet consumer demand and ensure economic sustainability. (*Ibid.* 1)
- All vendors should be locally owned and operated businesses.
- In the absence of producer or commodity group cooperatives that are poised to be vendors, the market needs to have independently owned, third-party businesses with strong business and marketing skills to sell agriculture, horticultural and fish/seafood products.

- **Product Mix:** In order to provide a year-round product mix, while supporting Massachusetts producers in a major way, market management can employ a variety of strategies including:
 - Heavily promote Massachusetts products grown seasonally and year round, especially “Commonwealth Quality” program vendors, through the market’s branding message and ongoing marketing strategies, for example hosting “Massachusetts Apple Month” and “Maple Breakfasts” at the market.
 - Work to expand linkages between Massachusetts producers and permanent stall specialty and value added food vendors (bakery, prepared foods, etc.) as part of the role and responsibility of the daystall manager.
 - In light of the demand for a year round supply of fresh produce, limit the number and square footage of year-round fresh produce resellers at the market and offer incentives (rent reduction stall location, added promotions, etc.) for buying and source-identifying local produce, and for using local consolidators/distributors.
 - For year round, permanent-stall produce vendors, establish guidelines that encourage inventory to include an annual cumulative minimum percentage of Massachusetts grown produce (selling maximum amounts of Massachusetts grown produce in season but also offering out-of-region produce throughout the year to meet demand). This would take into consideration seasonal availability while making a wide variety of produce available year-round.
 - Daystall participation should be limited to producers only, and first prioritize Massachusetts producers and secondly New England producers, in order to replicate a typical farmers market environment.
 - Retailers selling only fresh Massachusetts produce could receive financial incentives or priority space assignments, especially during the non-growing season.
 - In order to benefit from the market’s branding message, food businesses, especially those selling prepared foods and value added products, should be strongly encouraged, if not required, to identify product ingredients that are sourced in Massachusetts. And, businesses using local ingredients should receive additional promotional attention with signage, media attention, etc., to spotlight the producer/business linkages.

- **Source Identification:** When it is not possible to provide product from Massachusetts, initiate a system to identify the source of fresh food products, especially that which supports family farms from the region and beyond:
 - Develop a strategy for selling products from other regions, especially in the off season, which is source identified. (*ibid.*1)
 - When practical, utilize consolidators/distributors that only source local products or from source identified producers. (*ibid.* 3)
 - Encourage market participation by source identified product retailers. (*ibid.* 2)

- **Producer Participation:** In order to encourage producers to sell their product directly at the market, either full time or at daystalls:

- Provide incentives for farmers/fishermen/women and/or their family members to attend the market. These incentives could include a reduction in rent or a priority stall placement.
- Develop a schedule of promotional activities that bring producers to market for special events and allow producers or commodity groups to participate, educate and promote themselves, for example, “Meet Your Farmer Day” or “Massachusetts Livestock Farmers Day”.
- Non-agriculture food businesses, vendors selling specialty foods, value added products or prepared foods: Vendors that are not growing their own ingredients or who don’t yet sell source-identified products/ingredients but are locally owned businesses.
 - Actively support and promote all local businesses at the market even if not yet sourcing local ingredients because they are Massachusetts-based and independent.
 - Non-agriculture food businesses could have a higher rent for their stall spaces that offsets lower rent for producers’ spaces. It could be a temporary start up program or could be a permanent part of a rent structure.
 - Develop guidelines for specialty food and value added product vendors that encourage them to use Massachusetts sourced ingredients in the creation of their products.
 - Heavily promote businesses that are working in partnership with Massachusetts agriculture and fisheries, so that there will be an incentive for other businesses/vendors to follow suit.